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S E C R E T SECTION 01 OF 04 BAKU 000022

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TAGS: [PREL](#) [PGOV](#) [AJ](#) [AM](#) [RU](#) [TU](#)

SUBJECT: BAKU'S PERSPECTIVES ON NAGORNO-KARABAKH

REF: A. (A) 08 BAKU 943 (NOTAL)  
[1](#)B. (B) 08 BAKU 1077 (NOTAL)  
[1](#)C. (C) 08 BAKU 1157  
[1](#)D. (D) INR ASSESSMENT DTD DEC 30 2008

Classified By: Charge d'Affaires Donald Lu, Reasons 1.4 (b) and (d)

[1](#)1. (C) Summary: One of the few positive effects of Russia's war on Georgia in August 2008 was a reinvigoration of efforts to solve the Caucasus' other frozen conflict in Nagorno-Karabakh. Many observers, and even officials at the highest levels of both governments, felt that the stark demonstration of the consequences of allowing a similar frozen conflict to fester would provide the impetus for a breakthrough. More cynically, the GOAJ also believed that Armenia's harsh experience with its isolation during the war would force it to reach out to Baku in hopes of ending its questionable reliance on Iran as its only direct link to the outside world (Reftel A). Four months on, we assess that this hopeful attitude has largely dissipated in Azerbaijan. In part, this is because the GOAJ feels that its objections to the Madrid principles have gone unheeded, and that insufficient international attention has been given to resolution of the conflict. Uncertainty over Russian motives, Turkish overtures to Armenia and the U.S. political environment, as well as rhetorical oversteps by both presidents, have also contributed to the general deterioration of confidence. In the present atmosphere, Azerbaijani posturing about the military option, while not implying a present danger, needs to be taken as more than mere rhetoric. The GOAJ will attach considerable importance to intensified high-level interest from the new Administration. End Summary.

#### Loss of Confidence in Madrid Principles

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[1](#)2. (C) A significant aspect of Azerbaijan's unwillingness to move forward decisively on N-K within the current Minsk Group context is rooted in its discomfort with the Madrid document. The GOAJ feels that its reservations about the document have never been taken seriously. Deputy FM Araz Azimov told EU Ambassador Waddams bluntly on November 9: "We do not like the Madrid document . . . and have never signed on." Baku distrusts the "all-or-nothing" approach of Madrid and prefers a phased approach that starts with the turnover of the occupied territories. The government in Baku takes every opportunity to stress its absolute position on territorial integrity generally and Lachin in particular, as opposed to

Armenia,s focus on self-determination. The GOAJ may think it can moot this issue through the opening of "all communications" (Reftel B) across the international border and will try to convert Russian desires to supply its bases in Armenia through Azerbaijani territory into Russian pressure on Armenia to achieve this.

#### The Russia Factor and U.S. Leadership

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13. (C) A consistent theme from Azerbaijani interlocutors is that Russia has gained the "upper hand" among the Minsk Group co-chair countries, mainly because of the faster pace of its N-K diplomacy and the personal involvement of President Medvedev. President Aliyev,s foreign policy advisor Novruz Mammadov told this directly to the Ambassador on November 6, after the Moscow summit. At the same time, Azerbaijan is frustrated with what is perceived to be a lack of U.S. leadership and engagement on NK. According to a wide range of contacts, Baku cannot understand why the USG will not intervene on the side of Azerbaijan and, as Presidential Apparat Chief Ramiz Mehdiyev said, "demand the aggressor to leave our lands." Moreover, Baku wants the USG to make statements on Azerbaijan's territorial integrity that match the comprehensiveness of those that Washington has made on Georgia in terms of South Ossetia and Abkhazia. Baku blames inaction on the Armenian lobby, with government officials and leading analysts in Azerbaijan suggesting that Russia, as a result, now "holds all of the cards." This notion of Moscow,s "upper hand" does not necessarily imply that the GOAJ is inclined to accept any Russian proposal; rather Baku

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laments that the other international mediators are allowing Moscow to set the agenda.

#### Baku,s Take on Moscow,s Role

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14. (S) Baku's appreciation of Moscow's role is both strategic and tactical. On the strategic level, the GOAJ sees Moscow's maneuvering on N-K as part and parcel of a plan to exert decisive influence over the South Caucasus as a whole, and believes the Russians are trying to link a solution of the territorial problem between Azerbaijan and Armenia to an opportunity to secure transit rights for supplies to its forward bases in Armenia, this being a reflection of the Defense Ministry's considerable influence over Russian Caucasus policy (Reftel B) (Note: Russia, denied passage through Azerbaijan and Georgia, has to rely on an expensive and underdeveloped land route through Iran. End Note). Russian involvement might also be motivated by a desire to secure additional Azerbaijani gas supplies for Gazprom's over-promised and under-supplied pipeline projects. Finally, Russia may be seeking to bolster its military presence in Azerbaijan ) at the Qabala radar site ) or station its troops as peacekeepers in N-K.

15. (C) The tactical consideration is that Azerbaijan considers Russia to be more sympathetic to Armenia and feels its own position to be stronger when there is another large power (i.e. the U.S. or EU) involved. In this sense, Azerbaijan's warnings about Russia's advantages in the process can be viewed partially as a gambit to spur increased American involvement so that Russia's offered conditions to Azerbaijan improve. Doubts about Turkey,s reliability in light of its diplomatic approach to Armenia add urgency to Azerbaijan,s need for U.S. involvement.

16. (S) At some point Russia may negotiate a price it can "charge" for restoring Azerbaijan's territory, assuming that they can bring the Armenians along. This could pose a direct threat to U.S. interests in the region. For example, the price may include a gas deal that would essentially sink the Southern Corridor, undercut U.S. influence in the region or weaken Georgian sovereignty. From Baku's perspective, Russia

has little interest in solving the conflict, except as a readily-exploitable lever to influence on both Yerevan and Baku. OSCE Personal Representative of the Chairman-in-Office Amb. Andrzej Kasprzyk repeated these views in private on October 21, October 30 and December 15.

#### A Quick Deal Unlikely

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¶7. (S) Azerbaijan's basic mistrust of Russia and natural bias towards maximalism in N-K negotiations make the quick realization such a deal unlikely but not impossible. The limits, as well as the possibilities, of Russia's power were shown at the November 2 summit in Moscow between Presidents Medvedev, Aliyev and Sargsian. Temporarily at least, the summit gave Russia the initiative and control of the process; and at its conclusion Russia could point to the bland joint declaration it produced as a success )- the first document co-signed by the Armenian and Azerbaijani presidents since ¶1994.

¶8. (S) However, President Aliyev also told the Ambassador at his inauguration October 29 that he had to be coaxed into attending by a personal telephone appeal from Medvedev and that his decision to go came at the last minute. He also told the Ambassador then that he rejected out of hand the first Russian proposal for a communique, rewriting it himself. Foreign Minister Mammadyarov told us on November 10 that Russia also attempted to insinuate the concept of introducing its peacekeepers at the summit (Reftel B), which he told us Aliyev rejected forcefully. Russia's efforts to dominate and grandstand were on full display during the summit as it kept its Minsk Group co-chairs as far from the meeting and the presidents as possible.

¶9. (C) While much has been made of the spirit of the declaration and the commitment to a political solution, the rhetoric of both sides since the meeting )- notably

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Armenia,s discussion of self-determination and Azerbaijan,s insistence on territorial integrity, with an occasional threat of the use of military force )- seems to us to indicate that rather little progress has really been made. Aliyev's top foreign policy aide Novruz Mammadov made this point to the Ambassador and EUR/CARC office director Hunt on December 3 (Reftel C). Baku remains apprehensive about including NK Armenians, who unilaterally have declared independence, into official talks, and fears that Moscow,s support for independence in South Ossetia and Abkhazia, combined with a Western-led &Kosovo precedent,8 will spur Armenia officially to recognize NK independence. For all this, Russia's recent diplomacy )-the clumsiness of the November 2 summit notwithstanding )- raises the real possibility that it may be able to upend the Minsk Group and impose a settlement much to its advantage if it can find the right formula. Baku,s alienation from the Madrid principles increases the chance of this occurring.

#### Turkish Maneuvers Have Baku on Edge

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¶10. (C) Turkey,s diplomatic approaches to Armenia also complicate Baku,s appraisal of the N-K situation. Azerbaijan fears that Ankara,s longstanding linkage of N-K to any normalization with Armenia is in jeopardy (Reftel A). The GOAJ worries the Turks will sell them out if it leads to an opening of the border and other prospective benefits, such as preferential market access and the end of the genocide resolution threats. Turkey, of course, has to balance the advantages it believes it can gain from settling with Armenia against the disruption of relations with its most political and cultural ally and a valued energy supplier. The effect of this issue on Baku,s perception of the U.S. as an N-K mediator is that United States support for Turkish-Armenian reconciliation is interpreted locally as support for whatever

betrayal of Azerbaijani interests the GOAJ suspects Ankara of  
perpetrating.

#### Military Option is not Foreclosed

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¶11. (C) The most visible sense in which the Moscow Declaration has already broken down is the disconnect over whether it truly committed the sides to the rejection of a military solution. The text of the declaration commits them to the use of political means, and allegedly President Aliyev told Sargsian in Moscow that he considered the military option to be nonexistent. However, within a month of the meeting, Aliyev was telling Italian RAI television the opposite. One possible reason for Aliyev's apparent turnabout was Sargsian's commentary shortly after the Moscow meeting ) words that were seen by some as indelicate and over-confident in Baku. Part of the dynamic between the countries since the peace process began was to maintain uncompromising public faces while conducting diplomacy in private. Both leaders acutely feel the need to maintain tough public facades and each often appreciates the other's need to do this.

¶12. (C) However, Aliyev's rhetoric should not be interpreted in this light alone. INR observed in its assessment of December 30, 2008 (Reference D) that Aliyev's use of a foreign platform for that statement suggests that it was intended for a much broader audience than Azerbaijani domestic opinion. Also, Amb. Kasprzyk told the Embassy that Aliyev repeated this sentiment to him in private December 11, following the OSCE Helsinki Ministerial. Embassy discussions with others -- notably (but certainly not only) Presidential Apparatus chief Ramiz Mehdiyev and Defense Minister Safar Abiyev -- suggest that the idea of rejecting ab initio the military option has no support.

¶13. (C) President Aliyev's 2009 New Year's Day address to the nation set a new standard for bellicosity ) he said that "we live in a state of war," only "the first phase of the war" is over, and "we must be ready at any moment to liberate our native lands from the occupier." Outside observers recognize that Azerbaijan presently has no chance of succeeding if it tries to retake N-K and the occupied territories by force. We see no evidence to suggest that

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Azerbaijan accepts this as reality or intends to give up the leverage it believes it gains by retaining the war option.

Comment

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¶14. (C) An additional reason for Baku's (and probably Yerevan's) reluctance to move forward after the Moscow summit is the desire of both sides to take the measure of the incoming U.S. Administration before committing to anything. The changing of the guard in Washington provides an opportunity to reset the process. The most effective way for the United States to encourage a settlement that will address the fundamental issues while advancing broad U.S. interests is to invigorate the Minsk Group with sustained attention from the highest levels of the Administration. The goal would not be so much to change the co-chairs' process, which is the only forum with any hope of crafting an intelligent settlement; rather, it would be to counterbalance the authoritative appearance that Medvedev's personal attention brings to Russia's position. The highly positive Azeri responses that the Vice President, S and Deputy Secretary, S recent comments on N-K and the territorial integrity issue engendered demonstrates the efficacy of this approach.

¶15. (C) The good offices of the Secretary or the Deputy Secretary, for example, could also conceivably be used to lay the groundwork for confidence-building measures independent of the technical aspects of the negotiations, such as by

inducing the AJ and AM presidents to adopt understandings on the rhetoric they employ in public. Elevation of the U.S. profile in the Minsk Group will reinvigorate that process and discourage non-transparent deals extraneous to its structure.

Again, these are deals that largely serve Russian interests and are not consistent with U.S. goals of durable peace and stability between independent and peacefully-coexisting Caucasian states.

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